



2015

SEPTEMBER 21-22 | ARLINGTON, VIRGINIA



#GinnieMaeSummit



Ginnie Mae Compliance Reviews

A Discussion

Agenda

- Ginnie Mae Introduction
- Field Review Information
 - Most Common Findings
 - Statistics on Findings
 - Recent Testing Developments
 - Future Testing Areas
 - Managing the Review
- Open Discussion on Field Review



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Objectives

- To provide context to review results by showing statistics relating to review frequency
- To inform Issuers of new and potentially future testing areas that may affect their review
- To discuss the various models of dealing with review teams and managing the review process
- To provide a forum for Issuers and Document Custodians to bring forward their thoughts on the review process



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Top 5 Most Common Issuer Findings

Most Common Findings (Reviews Starting between 9/3/2013 and 8/17/2015)		
Finding	Description	Percent of Reviews
510197	Escrow amounts reserved for borrower were not funded into the appropriate custodial account at time of securitization and/or pool transfer date.	24.7%
250001	Loan(s) found where the liquidation code used was not correct on the Form HUD-11710E.	18.2%
150030	Unresolved reconciling items appear in three consecutive bank reconciliations for P&I account.	18.0%
250025	Loan(s) found where funds to liquidate the loan were not deposited in the P&I custodial account(s) within one business day of receipt.	16.0%
150015	Differences in excess of \$1.00 have been identified between the Adjusted Bank Balance and the Total Funds Other Than Escrow per the Form HUD-11710D.	13.4%

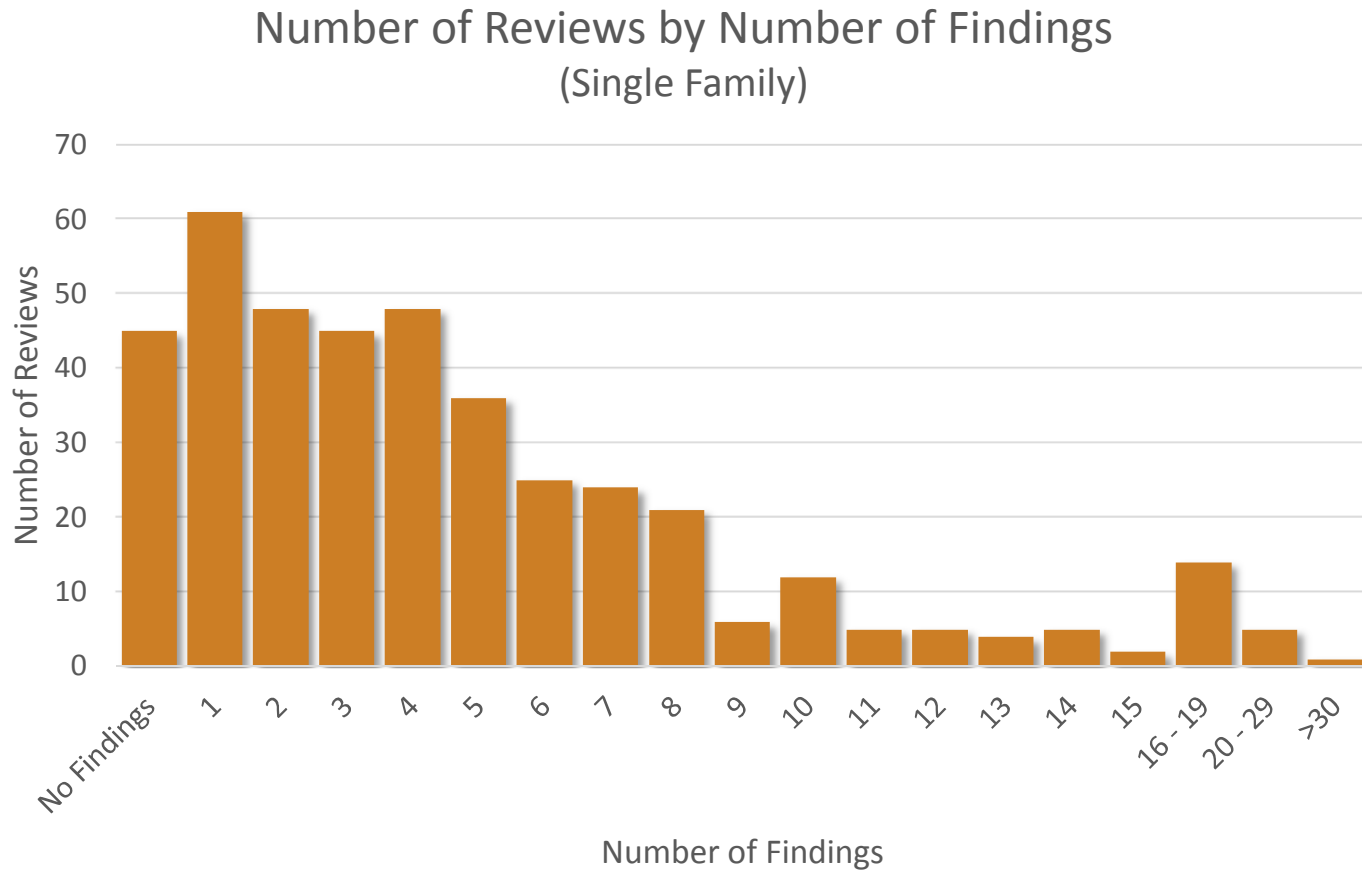


Top 6-10 Most Common Issuer Findings

Most Common Findings (Reviews Starting between 9/3/2013 and 8/17/2015)		
Finding	Description	Percent of Reviews
510117	Disbursement Clearing account(s) were not timely reconciled.	12.4%
510125	Loan(s) liquidated for which a Form HUD-11708 could not be provided.	12.1%
400301	Account title on bank resolution or signature card does not agree to form HUD-11720 for the T&I Custodial account(s).	11.3%
510222	Issuer did not provide materials requested in the Advance Letter according to the required timeframes noted therein.	10.8%
120001	Differences between pool balances and underlying mortgage balances are more than \$1.00 per loan or \$50.00 per pool.	10.0%



Number of Findings Per Issuer Review



Issuer Findings Statistics Over Time

	September 2015	November 2013
Avg # of Findings All Issuers	4.7	5.8
Avg # of Findings SF Issuers	4.8	6.6
Avg # of Findings MF Issuers	3.4	4.1
Median # of Findings All Issuers	3	4
Median # of Findings SF Issuers	4	5
Median # of Findings MF Issuers	2	2



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Top 5 Most Common Custodian Findings

Most Common Findings (Reviews Starting between 9/3/2013 and 8/17/2015)		
Finding	Description	Percent of Reviews
800069	For the tested loans where an allonge was used; the allonge was not an original, did not clearly reference the note, and/or was not firmly affixed to the note.	37.5%
780014	Form HUD-11708 is incomplete or incorrectly prepared.	23.2%
740127	For the selected pool(s) that have been final certified, an acceptable form of title is not present in the loan file and an original Form HUD-11708, Request for Release of Documents, is not present for the selected loan(s).	16.1%
780015	Information on the Form HUD-11706, Schedule of Pooled Mortgages, is incorrect and does not agree to loan documents.	16.1%
730102	The Form HUD-11711B, Certification and Agreement, indicated that there was a second party security interest; therefore, a Form HUD-11711A, Release of Security Interest, is required. A Form HUD-11711A, however, is not present for the selected pool(s).	14.3%



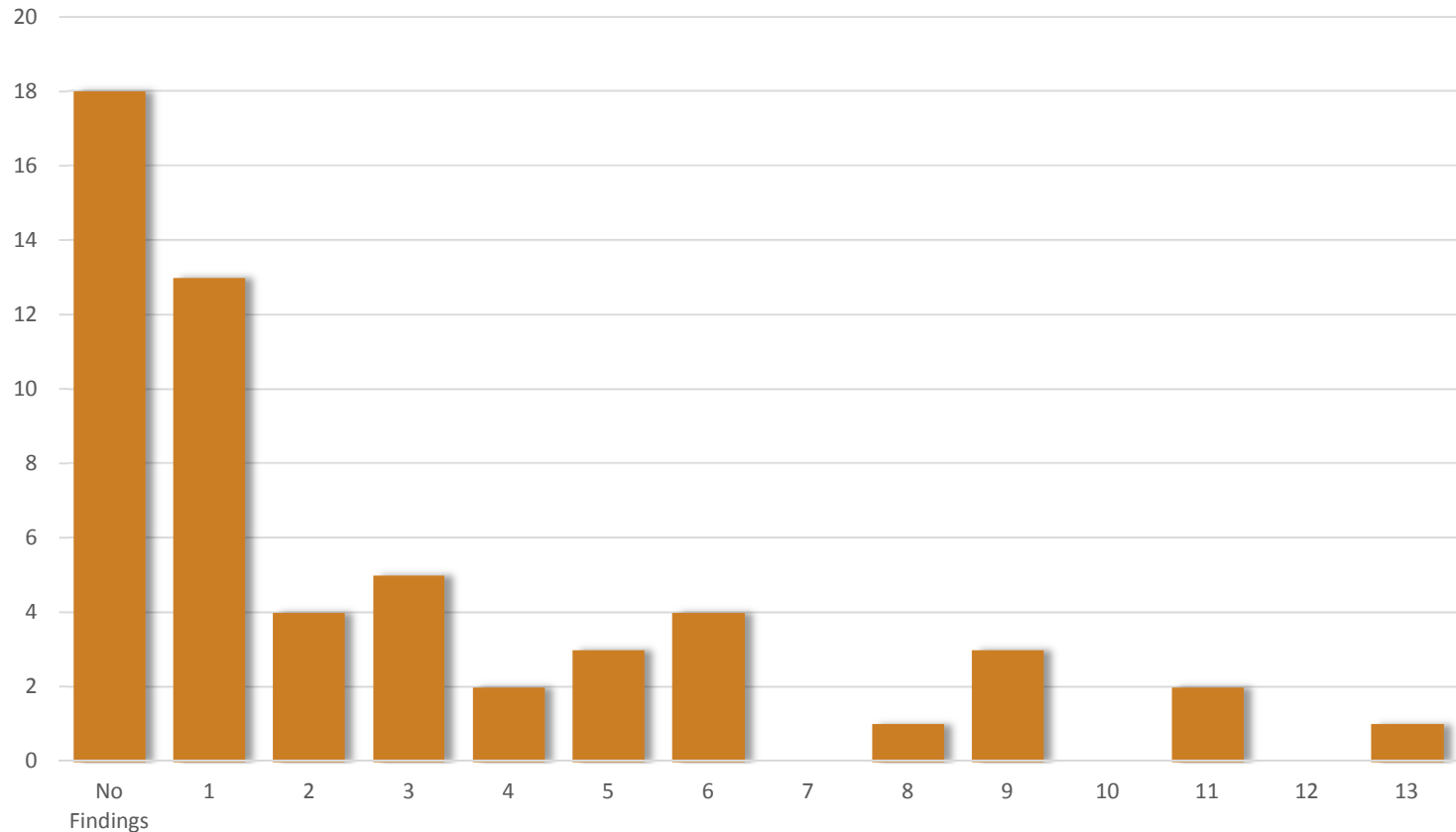
Top 6-10 Most Common Custodian Findings

Most Common Findings (Reviews Starting between 9/3/2013 and 8/17/2015)		
Finding	Description	Percent of Reviews
720036	Document Custodian could not provide written attestation from the fire marshal, its insurance company, an architect, a building contractor, or a fire protection contractor stating that the facility where the pool documents are located provides the minimum	12.5%
740130	For the selected pool(s) that have been final certified, the mortgagee title insurance policy does not contain an adequate amount of insurance coverage for the selected loan(s).	12.5%
720068	Document Custodian does not retain a signed and dated Form HUD-11708 in the Master loan file for released files.	10.7%
510201	Individuals performing Custodial Functions are authorized as signatories for a tested Issuer.	8.9%
730103	The Form HUD-11711B, Certification and Agreement, indicates that there are no second party security interests; therefore a Form HUD-11711A, Release of Security Interest, should not be present. A Form HUD-11711A, however, is present for the selected po	8.9%



Number of Findings Per Custodian Review

Number of Findings Per Document Custodian Review



New Testing Developments

- Based on recent guidance, bank account titles must agree exactly to the guidance for the HUD Form 11709 and HUD Form 11720. Extraneous information will result in a finding
- Issuers using a subservicer may be required to produce their contingency plans for transitioning to a new subservicer



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Future Testing Areas

- Testing on eligibility of loans at time of pooling, including delinquency status and application of borrower payments on previously delinquent loans
- New testing on correct usage of the HUD Form 11708, especially as it relates to non-liquidation releases
- Additional testing on payment of transfer fees and commitment fees
- New testing modifying how Issuers with subservicers are tested and consolidating subservicer reviews
- Desk Reviews
- HMBS Reviews incorporating Accounting Manual



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Managing the Review

Direct Model: Review team interacts directly with Issuer Staff.

- Allow staff access to senior management

Audit Liaison Model: Review team interacts with specialized review response staff

- Review response should understand requirements and understand what responsive information looks like



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